

## Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 104975  
ORIGIN STR-07

INFO OCT-01 AF-10 ARA-10 EA-10 EUR-12 NEA-10 IO-13  
ISO-00 OIC-02 STRE-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05  
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05  
SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01  
DOE-15 /168 R

DRAFTED BY STR/DSCOOPER:TK  
APPROVED BY STR/SLLANDE  
STATE/SAHMAD (SUBSTANCE)  
-----047313 251024Z /23  
R 250214Z APR 78  
FM SECSTATE WASHDC  
TO AMEMBASSY MANILA  
INFO USMISSION GENEVA

LIMITED OFFICIAL USE STATE 104975

PASS MTN DEL, MANILA PASS GRAEF AND HIS DELEGATION

E.O. 11652: N/A

TAGS: RP, MTN

SUBJECT: LDC STRATEGY PAPER

1. THE FOLLOWING ARE THE UNCLEARED SUMMARY CONCLUSIONS FROM  
THE LDC STRATEGY PAPER. BACKGROUND WAS HAND CARRIED TO  
HARTZELL OVER THE WEEKEND. WE HOPE TO HAVE THE CLEARANCE  
PROCESS COMPLETED BY MONDAY MAY 1.

2. SUBJECT: COMPREHENSIVE PACKAGE FOR LESS DEVELOPED COUN-  
TRIES IN THE MULTILATERAL TRADE NEGOTIATIONS

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 104975

3. RECOMMENDATION: THE TPSC APPROVES A GENERAL COMPREHEN-  
SIVE APPROACH TOWARDS LDCS IN THE MTN, SUCH AS THAT OUT-  
LINED IN ATTACHMENTS I-III, WHICH WILL SERVE AS NEGOTIATING  
INSTRUCTIONS IN GENEVA AND WASHINGTON. THE SPECIFICS  
IN THE VARIOUS AREAS WILL BE DISCUSSED WITHIN THE LDC SUB-  
GROUP ALONG WITH THE FUNCTIONAL AREA SUBGROUPS. THE PAPER  
OUTLINES A NEGOTIATING APPROACH; OUR END-OF-THE-DAY POSI-

TION WILL BE WORKED OUT WITH THE SUPPORT OF DOMESTIC COMMERCIAL INTERESTS AND OUR MAJOR DEVELOPED COUNTRY TRADING PARTNERS.

4. SUMMARY CONCLUSIONS:

1. UNLESS SUCH KEY LDCS AS THE PHILIPPINES, MEXICO, VENEZUELA, COLOMBIA AND IRAN JOIN THE GATT, OR MAKE A COMMITMENT TO DO SO, WE SHOULD BE UNWILLING EITHER TO ENTER AGREEMENTS WITH THEM OR ALLOW THEM TO JOIN THE VARIOUS CODES.

2. ALL COUNTRIES, INCLUDING LDCS, WILL BE EXPECTED TO JOIN ALL THE CODES AS A PACKAGE.

3. THE DIFFERENTIAL TREATMENT OFFERED LDCS IN THE VARIOUS CODES WILL BE AVAILABLE ONLY TO THOSE WHICH JOIN AND WILL GO INTO EFFECT FOR LDC SIGNATORIES EVEN IF KEY LDCS DO NOT JOIN. WE NEED TO REVIEW MFN BENEFITS OF THE CODES IN ORDER TO DETERMINE WHERE, AND IF, THEY CAN BE WITHHELD FROM NON-SIGNATORIES. SINCE WITHHOLDING MFN BENEFITS REPRESENTS A MAJOR GATT DEPARTURE, THE ISSUE REQUIRES ADDITIONAL STUDY DOMESTICALLY AND CONSULTATIONS WITH THE EC AND OTHER DCS.

4. IT HAS BEEN AGREED THAT THERE ARE NO DIFFERENTIAL LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 104975

BENEFITS TO BE PROVIDED TO THE LDCS OTHER THAN TECHNICAL ASSISTANCE AND SOME POSSIBILITIES IN THE SAFEGUARDS AREA. GRADUATION, THEREFORE, IS MINIMIZED AS A PROBLEM ON THE BENEFITS SIDE. POSSIBILITIES FOR LESSER OBLIGATIONS ARE OUTLINED IN THE ATTACHMENTS. IT IS AGREED THAT GRADUATION FROM LESSER OBLIGATIONS SHOULD BE ON A CONTRACTUAL BASIS AND THAT GRADUATION SHOULD BE TRIGGERED BY MULTILATERALLY AGREED INDICATORS, E.G. TIME LIMITS OR SECTORAL GUIDELINES, WHERE POSSIBLE. IN SUBSIDIES/COUNTERVAILING DUTIES OUR PRESENT POSITION, WHICH NEEDS INTERAGENCY DISCUSSION IS THAT LDCS WILL ASSUME LESSER OBLIGATIONS. SPECIFICALLY, THEY WILL AGREE NOT TO SUBSIDIZE AFTER THEY BECOME COMPETITIVE AS MEASURED BY CERTAIN NEGOTIATED GUIDELINES.

5. OUR BASIC POSITION SHOULD BE THAT THE ONLY PRODUCT SPECIFIC CONCESSIONS WHICH ARE EXCHANGED IN THE MTN ARE BOUND. HOWEVER, AT THE END OF THE DAY WE MAY NOT REFUSE TO CONSIDER UNBOUND CONCESSIONS FOR UNBOUND CONTRIBUTIONS.

6. (WITH REGARD TO AGRICULTURAL OFFERS, EXCEPTIONS SHOULD BE MADE TO THE PRINCIPAL SUPPLIER RULE WHEN AN OFFER COULD ELICIT ADEQUATE RECIPROCITY FROM THE COUNTRY

MAKING THE REQUEST AND WHERE IT IS NOT APPROPRIATE TO  
APPROACH THE PRINCIPAL SUPPLIER.)

7. WITH REGARD TO WITHDRAWALS, WHERE PRINCIPAL  
SUPPLIER LDCS HAVE MADE AN ADEQUATE CONTRIBUTION A  
CORRESPONDING EFFORT WILL BE MADE TO MAINTAIN THE U.S.  
OFFER.

8. WE SHOULD NOT ENGAGE IN ADDITIONAL TROPICAL  
PRODUCTS NEGOTIATIONS BUT ARE WILLING TO FOLD OUR TROPICAL  
PRODUCTS OFFER INTO OUR GENERAL MTN OFFER.

9. IF WE EXPECT LDC COOPERATION IN THOSE AREAS OF THE  
ENABLING CLAUSE DISCUSSION WHICH ARE OF IMPORTANCE TO US,  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 104975

(WE NEED TO APPEAR TO BE FORTHCOMING ON THE INCLUSION OF  
GSP IN THE ENABLING CLAUSE. THE TYPE OF ENABLING CLAUSE  
WHICH CURRENTLY IS ENVISAGED DOES NOT CHANGE EXISTING  
CIRCUMSTANCES SINCE THE VARIOUS GSP PROGRAMS WILL  
REMAIN UNILATERALLY GRANTED FROM THE RESPECTIVE DONOR  
COUNTRIES AND CAN BE THUS WITHDRAWN.)

10. THE UNITED STATES WILL CONSIDER LOOSENING  
ARTICLE XVIII A REQUIREMENTS WHICH WOULD ALLOW LDCS TO  
INCREASE DUTIES FOR INFANT INDUSTRY REASONS IN EXCHANGE  
FOR A POSITIVE LDC RESPONSE TO OUR REQUEST FOR BINDINGS.

11. (ALTHOUGH WE REMAIN OPPOSED TO NEGOTIATING GSP  
IN THE MTN WE CAN MAKE UNILATERAL GSP DECISIONS WHICH  
COULD ASSIST IN MEETING BOTH OUR LDC AND MTN OBJECTIVES).

THE LDC AND FUNCTIONAL SUBCOMMITTEES NEED TO FOCUS ON  
THE FOLLOWING ISSUES:

- THE LEGAL SUBCOMMITTEE SHOULD REVIEW THE CONSTRAINTS  
ON APPLYING CODES ON A SELECTIVE BASIS, GIVEN OUR CURRENT  
GATT OBLIGATIONS.

- THE LEGAL AND TROPICAL PRODUCTS SUBCOMMITTEES SHOULD  
DRAW UP MODEL PROVISIONS FOR TROPICAL PRODUCTS AND GENERAL  
MTN INTERIM AGREEMENTS WITH NON-GATT MEMBERS.

- THE LEGAL AND LDC SUBCOMMITTEES SHOULD LOOK AT THE  
EFFECTS ON GENERAL TRADE POLICY AND THIRD COUNTRY INTERESTS  
WHEN UNBOUND CONCESSIONS ARE EXCHANGED.

- THE LEGAL AND LDC SUBCOMMITTEES SHOULD LOOK AT  
WAYS OF GETTING INCREASED COMMITMENTS ON THE MAINTENANCE  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 05 STATE 104975

OF LDC NONTARIFF MEASURES.

- THE LDC AND FUNCTIONAL SUBCOMMITTEES SHOULD DEVELOP  
SPECIFIC GRADUATION GUIDELINES FOR EACH CODE. VANCE

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LESS DEVELOPED COUNTRIES, TRADE, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 25 apr 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978STATE104975  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** TK  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780176-0167  
**Format:** TEL  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780419/aaaaaprf.tel  
**Line Count:** 179  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 7c6cbca7-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN STR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 03 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2854220  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** LDC STRATEGY PAPER  
**TAGS:** ETRD, ECIN, RP, MTN  
**To:** MANILA  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/7c6cbca7-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014